



April 16, 2012

Ms. Sharon Gillett
Chief, Wireline Competition Bureau
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

**Re: WC Docket Nos. 10-90, 07-135, 05-337, 03-109; CC Docket Nos. 01-92, 96-45; GN
Docket Nos. 09-51
Written Ex Parte Communication**

Dear Ms. Gillett:

S&T Telephone Cooperative Association ("S&T"), a rate-of-return carrier in Kansas, hereby notifies the Federal Communications Commission ("FCC") of its intent to seek waiver of rules limiting reimbursable capital and operating costs if the Wireline Competition Bureau adopts the proposed quantile regression analysis ("QRA") methodology for High Cost Loop Support and Interstate Common Line Support. This methodology is currently under consideration in the Further Notice of Proposed Rulemaking ("FNPRM") in the USF-ICC order.

As indicated in our reply comments in this proceeding, S&T has calculated the results of the proposed QRA caps.¹ We project a funding loss of approximately 445% of our net income in 2013. This reduction in funding (effective July 1, 2012) is primarily due to a flaw in the QRA caps that penalizes companies who have been diligent to bring advanced services to rural areas. S&T's completion of an upgraded network was necessary to provide reliable voice and broadband services to its members.

In order to complete the needed network upgrade, S&T applied for loans from traditional industry lenders. In that process, we demonstrated that we would have the ability to repay those loans relying on existing rules established in the Communications Act of 1934 and the Telecommunications Act of 1996.

Therefore, should the FCC adopt its proposed QRA caps, "good cause" would exist for waiving implementation, pursuant to 47 C.F.R. §1.3. While the waiver process would be burdensome for a company of our size, S&T would have no other option but to pursue it in light of the magnitude of the anticipated loss in federal universal service funding, which will seriously impact our ability to repay our loans. Further, the record in this proceeding – including filings from the creator of QRA as well as economists in other Bureaus – clearly demonstrates that the proposed

¹ See Reply Comments of S&T, WC Docket No. 10-90 et al., February 17, 2012.

QRA caps are fundamentally flawed. Therefore, it would be in the public interest to waive this rule if adopted.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steve Richards".

Steve Richards
Chief Executive Officer